

# Strategic Management as a vehicle for Sustainable Socio-Economic Development: An Empirical Study at a Municipality in South Africa

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## Abstract

The exercise of strategic management is an essential aspect as it conjures up a glossy picture of the expectations of the public organisations. However, currently it lacks an intricate arrangement of formal and casual handling of work for it to yield maximum output in the sphere of South African municipalities. Although strategic management is not alien to the facilitation of municipalities' development, the existing literature does not provide a rigorous and structured conceptualisation of strategic management in the context of sustainable socio-economic development of the municipalities. Hence, the purpose of this study is to explore the significance of strategic management in sustaining socio-economic development at selected municipality in South Africa. The paper adopted exploratory research design and qualitative research approach. The target population was 26 municipal officials at the selected municipality. Thematic analysis was used to analyse the data. This study made use of the qualitative and in-depth interviews in collecting data. The findings indicated that the strategic management plays a significant in the governance of sustainable socio-economic development of the municipality. The results revealed that strategic plans of municipalities were properly implemented and managed. However, further analysis of data indicated that there were constraints that hamper the execution of plans which include inadequate resources, innumerable flaws on the performance management system, non-alignment of development programmes and unskilled personnel. In relation to practical implications, the management must ensure adequate finances and infrastructure are made available in order to execute the set strategic plans.

**Keywords:** Strategic management, socio-economic development, sustainability, South Africa, municipality, public organisations.

## INTRODUCTION

Public organisations have typical problems of corruption, incompetence and misconduct that have led to poor service delivery in the district (Ferlie & Ongaro, 2022; Rogerson & Rogerson, 2019). For this reason, these challenges at municipalities prompted the need for investigation of the current strategic management at the public organisation and how it generates sustainable socio-economic development of residents. On a global scale, developing countries are reported to be ill prepared to cater for their population growths which emphasises the need for effective

municipalities that deliver sustainable socio-economic development (Kools & George, 2020). Since 2000 the South African government has continued to promote Integrated Development Plans (IDP) for local municipalities that collaborate with communities and relevant stakeholders to advance socio-economic growth. However, currently South African public organisations continue to underperform and fail to meet community expectation despite provincial and national government support being rendered (Johnson, Whittington, Regnér, Angwin & Scholes, 2020). For this reason, the public organisations and others need to shift to a business

approach that ensures socio-economic development. According to Masuku and Jili (2019), this approach ensures a change in profit making to delivering benefits and value creation for the community and other stakeholders.

IDPs are part of strategic management concerned with value creation in the form of socio-economic development. However, Khan (2021) states that strategic plans without effective measurement of performance only result in poor performance which South African public organisations currently experience. In light of the aforementioned claims, strategic management remains a tool to ensure municipalities can effectively respond to environmental change, consider and meet community expectations and achieve socio-economic development in the public organisations. Empirical research has encompassed strategic management in investigating public entities (Masuku & Jili, 2019; Zhang, Qin, Li & Tseng, 2021) with results indicating compliance to prescribed plans yet service delivery often falling short of the standard. Discrepancies from the required standard of service are attributed to strategy formulators (government) failing to consider the complexities of communities, the views of relevant stakeholders, lack of management ability to execute strategic plans and effective control of plans implemented. The municipalities lack socio-economic growth (infrastructure, health facilities and higher educational institutions), and hence the need for strategic management to address the challenges in the community.

Public organisations are no exception to financial irregularities and corruption as a result of mismanagement. Orphan (2018) reports evidence of corruption, fraud and mismanagement in public organisations, yet those implicated are not facing any disciplinary action to date. In addition to the corruption discovered in public organisations, Verweire (2018) reports overstated budget figures in public organisations in which the majority of the monies was unaccounted for after spending. Consequently, citizens have been protesting and blaming the municipality over poor socio-economic conditions (lack of tap water, poor roads, lack of jobs and generally poor service delivery of public service). Ramaano (2021)

suggests that inappropriate job behaviour and recruitment of incompetent staff are the major problems underlying poor performance of South African public organisations. To add to the incompetency of staff and improper job behaviour as factors behind municipal poor performance; the diverse consumer expectations and divided society in South Africa complicate the standard of service to be rendered to communities. Chepkorir and Kariuki (2018) report that the pursuit for individualism and divisions in society among South Africans inhibits strategy formulation and implementation among public organisations thus to effectively satisfy communities. In light of the above assertions, the aim of this study is to investigate the significance of strategic management in ensuring socio-economic development. The paper sought to accomplish the following objectives: firstly, to investigate how strategic planning are being implemented within the selected municipality; to examine the impact of strategic management on the performance of the selected municipality; to explore constraints that hinder effective governance of strategic management; and to investigate the capacity of the municipality to improve the socio-economic development in the communities.

## LITERATURE REVIEW

### The concept of strategic management

Strategic management by nature is a complex subject comprising of a variety of elements. For this reason, early definitions on it described it as a plan for action, a pattern of activities to be followed, a viewpoint and manoeuvre towards achieving company objectives (Henry, 2021). In essence, strategic management should comprise an unrelenting decision making, scanning of the internal (the organisation) and external (stakeholders, political, economic, social and technological conditions, competitors, government) environments and constant adjustment (proactive or reactive) to changing environments. Similarly, Fuertes, Alfaro, Vargas, Gutierrez, Ternero and Sabattin (2020) identify strategic management as constant decision making by the executive, collaboration and implementation of formulated plans in an

organisation. This study uses the definition of Doktoralina and Apollo (2019) who explained strategic management as a continuous process of assessing and regulating the business' micro and macro environments, set specific goals and plans for the business in line with its two environments and provide room for the reassessment of those goals and plans in case of changes in the environments. In essence, strategic management should comprise of an unrelenting decision making, scanning of the internal (the organisation) and external (stakeholders, political, economic, social and technological conditions, competitors, government) environments and constant adjustment (proactive or reactive) to changing environments.

### **The concept of socio-economic development**

Socio-economic development can be identified as the expansion of a conducive environment that leads to the improvement of the society through acknowledging the potential of individuals, firms and communities (Drummond & Snowball, 2019). Gwedla and Shackleton (2019) refers to socio-economic development as the upgrading of the social, political and technological variables to increase the welfare of stakeholders. Such options for improvement include educational support, development of income, employee training and sustainable employment. From a private sector viewpoint, corporate social responsibility initiatives are used to foster socioeconomic development. In essence, sustainable socio-economic development, describes the municipality's ability to render continued educational support, on-going general infrastructural development, training of employees, provision of employment opportunities and other reliable public services in the district.

### **Complex external environment and internal aptitude in strategy formulation**

Strategy formulation in any organisation requires that the top management is aware of the environment's variables that either pose opportunities or threats for the firm (Kools &

George, 2020). Such awareness can only be achieved through situational analysis that is scanning of the external environment for potential threats and opportunities so that strategies can be formulated in accordance with the situation at hand. According to Adiguzel, Ozcinar and Karadal (2020), four variables are commonly identified with the external environment in which the organisation has to align with to remain competitive. These are uncertainty, dynamism, hostility and complexity. It is the responsibility of the public organisations' top management to familiarise themselves with the four variables mentioned above that can inhibit municipal performance. A good awareness of the existence, character and magnitude of the four variables improves the relevance of its strategy and effectiveness. Teece (2020) states that besides monitoring conditions outside public organisations to formulate a strategy, the organisation is expected to develop and maintain certain internal skills for strategy development. From an internal perspective of an organisation, literature identifies fast-cycle capability and strategic flexibility as crucial for management to develop strategies and remain competitive (Shalender & Yadav, 2019; Serhan, Julian & Ahmed, 2015). Fast cycle capability represents the accuracy or precision of top management to do or make the right decisions at the first attempt. In addition, it also indicates quick decision making and minimising bureaucracies to avoid delays in the organisation. Strategic flexibility measures the firm's ability to effectively address the four complexities of the external environment (Petchinda & Malisuwan, 2017). Strategic flexibility is the organisation's ability to identify, adapt to environmental changes and allocate resources towards action taken.

However, strategy formulation is not merely rational, logical or incremental as most management models prescribe. Flexibility is a prerequisite for an organisation and this does not occur overnight. Instead, the organisation must go through stages towards being adept in strategic management. It is emphasised that an organisation first becomes proficient in basic financial planning, to forecasting, then to developing strategic evaluation skills before it becomes fully capable of handling SM (Shannassy, 2016).

Moreover, the culture of strategic thinking has to spread throughout the organisation so as to develop SM skills.

### **Approaches to strategy implementation in public service**

Strategy implementation is understood as the practical application of a strategy or execution of tasks, adoption of new service delivery frameworks, monitoring the effectiveness of adopted changes and restructuring of the organisation's structure, culture and monitoring measures to align with strategy (Naidoo, 2020). Such complexity of strategy implementation therefore questions whether or not particular approaches are better over others which need to be explored. Ojong, Iji and Angioha (2019) identify a continuum that ranges from planned (rational) to unplanned (incremental) approaches to strategy implementation. They further that, depending on the nature of a strategy; different approaches can be applied for successful implementation. Ideally, for highly formalised strategies that aim at achieving efficiency and focus; planned approaches are recommended, whereas, for exploratory, innovative strategies into largely uncharted territories, organisations often adopt unplanned or incremental approaches.

Distinctions are made between planned and unplanned approaches to strategy implementation. Planned or rational approaches are top-down, traditional or hierarchical means of coordinating tasks that include the use of pre-existing plans of executing tasks, planned performance monitoring measures and evaluation techniques. Contrariwise, unplanned, incremental approaches are bottom-up and non-hierarchical means of executing tasks that involve the participation of lower-level staff in inducing creativity or new ways of executing activities (Siyongwana & Shabalala, 2019). Despite distinct meanings of the two approaches; practical applications support coexistence of the two, citing that they can be prioritised one over the other or used simultaneously (Shackleton, Mograbi, Drimie, Fay, Hebinck, Hoffman & Twine, 2019). Mixed findings are reported on the efficacy of rational/planned approaches to strategy

implementation with some reporting favourable organisational performance due to rational strategy implementation whereas others find little to no effect on performance (Andrews, Boyne & Walker, 2011). However, a positive note of planned, rational styles to implementation is recorded to be better control of changed structures and practices because of pre-conceived plans, rigid performance control and evaluative measures that increase focus and commitment to set objectives.

### **Impediments to successful strategy implementation**

According to Pereira, Durao and Santos (2019), in its basic sense, strategy implementation describes a strategic management process that ensures an organisation's strategy is amassed, embraced and understood throughout the institution. Furthermore, if the strategic formulation is considered fundamental to strategic management; implementation thereof is equally essential for the success of a strategy (Wheelen & Hunger, 2012). Failure of strategy implementation means a failure of the strategy formulated beforehand. However, it is reported that 90% of most organisations is expended in the formulation of strategies and the remainder on implementation (Radomska, 2014), hence a balance should be strived at on these two elements of strategic management with equal importance. In cognisance of the above, literature offers many suggestions on strategy implementation and control in organisations. However, most of them are narrowed to focusing on company performance indicators to derive required outcomes yet contemporary studies emphasise the importance of communication and engagement of employees in successful strategic management (Ho, Wu & Wu, 2013). The majority of studies concur on the existence of the following impediments or barriers to effective strategy implementation: lack of resources; poor or ineffective management; conflicting activities and unclear strategy; poor coordination of activities; implementation of strategy requiring more time than anticipated; ineffective vertical and horizontal communication; and Ineffective implementation evaluation processes (Verweire, 2018).

An organisation's internal aptitude generally determines the success of its strategy and achieving competitive advantage. A lack of resources in an organisation inhibits its ability to successfully implement a strategy and the crucial resources in such instances are monetary, material or personnel in an organisation (Kalali, Anvari & Dastjerdi, 2011). Verhagen (2017) stresses that money is prerequisite to strategy implementation and determines the scope of any strategy such that lack of it automatically results in implementation failure. Similarly, materials are assets of an organisation that generate competitive advantage if correctly utilised and are in the right quantities. Lastly, an organisation's workforce contributes to competitive advantage as well as it is both human and social capital of an institution. Any lack thereof, ill-treatment or overlooking of human resources results in the ultimate failure of a strategy (Buller & McEvoy, 2012).

### **Strategic performance in public service**

According to Andrews, Beynon and Genc (2017), organisational performance in public institutions is more complex and multidimensional. There is the likelihood of competing and conflicting goals or objectives coming from the government, political figures, the organisation itself and expectations of the public. In general, the strategic performance of a public entity like Umdoni municipality is expected to go beyond cost savings and efficient use of resources as in profit making businesses' performance parameters. As much as Umdoni municipality strives for economic rationality for its sustainability; it has to deliver value to residents in form of socio-economic development. For this reason, Major (2011) lauds efforts to substantiate the significance of social equity as a performance index for public institutions. Otrusnova and Pastuszkova (2012) point out that performance measurement in public administration could be elusive due to the difficulty experienced in quantifying some inputs (personnel performance) and outputs (quality of public service) of these non-profit making organisations. However, the four E's of organisational performance that includes economy, efficiency, effectiveness and equity are recommended in literature as precise measures for

organisational performance and employee behaviour especially in the public sector (Lin and Lee, 2011).

### **Theoretical Framework**

This study is guided by resource-based theory (RBT). Monday, Aladeraji and Awolowo (2015) stress that the resource-based theory in analysing strategic performance is based on the understanding that a firm's source of competitive advantage emanates from internal resources. Moreover, the firm's positioning in the external environment is not a major concern, rather, its unique capabilities and resources are more important. It is the RBT's view that a particular set of resources/assets are capable of deriving sustainable competitiveness for an organisation associated with high returns and market share. Ideally, this means that the difference between these resources and the extent of a firm's strategic flexibility determines the company's performance (Chepkorir & Kariuki, 2018). The term resource under this theory is broad, and it refers to the firm's capabilities, assets, information and knowledge, systems or characteristics all regulated by the organisation to develop and implement strategies that facilitate efficiency and effectiveness (Bryson, 2018). In general, these resources represent the strength of an organisation to implement strategies effectively. For this study purposes, the RBT is the theoretical framework which investigates on the internal capabilities (resources, human capital, systems, organisational culture, and management) of public organisations in ensuring sustainable socio-economic development in the district. The main source of public organisations' incompetence is improper job behaviour such that a comprehensive investigation of its internal resources is more likely to deduce an effective strategic management system suitable for the municipality. In general, the RBT contrasts to market-based views on strategy formulation by concentrating mainly on the organisation's internal capabilities.

## METHOD

The study made use of an exploratory research design when collecting data. This study adopted the phenomenological qualitative philosophy based on the research problem, objectives, research questions and context of research. As the study aimed at unveiling systemic issues of strategic management at the selected municipality, much of these issues were deep-seated such that discussions and interviews grounded in a phenomenological qualitative approach were deemed appropriate in uncovering them. For this study purpose, a qualitative case study approach was adopted in investigating the municipality's strategic management. Literature recommends the use of a case study approach to elicit in-depth information on issues that are systematic in the organisation (Harrison, Birks, Franklin & Mills, 2017). Likewise, a case approach enlightened municipality systemic management issues that relate to strategy formulation, implementation, regulation and performance. Moreover, Hyett, Kenny and Dickson-Swift (2014) underscore that qualitative case studies offer a more flexible approach than other qualitative methods as they seek to suit specific cases and the research question.

The target population of this study was 26 respondents. This study focuses on members of the Umdoni municipality which include the municipality employees (the head of the municipality, senior management, and junior management). However, since the ambit of this study is the strategic management and socio-economic development of Umdoni, the sample of study were only senior, and junior management of the municipality. These managers are directly involved in the development, execution and regulation of Umdoni. They comprised of one head of Umdoni municipality, four senior functional managers and five junior managers of departments. Thus, the sample of this study was 10 participants.

This study utilised non-probability sampling method, purposive sampling was utilised in selecting participants at Umdoni municipality as the study sample. This sampling method involves deliberate selecting of participants based on their suitability and likelihood to provide the required

information for research (Etikan, 2016). From this target population of 26 respondents, a sample of 10 respondents was drawn as it is not feasible to study the entire population. In light of this study, in-depth face-to-face interviews were utilised in collecting data. In-depth interviews provide a deeper understanding of the organisation understudy and how the employees concerned behave. Showkat and Parveen (2017) explain that interviews are significant in disclosing opinion, experiences and values of the population of interest as they are always goal-oriented. In addition, interviews enabled the researcher to be close to the Umdoni local municipality's circumstances and gain better insight (Cacciattolo, 2015). In terms of ethical considerations, prospective participants were fully informed of the requirements of this research before participation. Their participation was entirely voluntary, and the consent of respondents had to be granted. Verbal agreements and signed forms of consent were submitted by participants.

## RESULTS

Thematic analysis was used in this study which identifies themes, check the chosen themes through reflection on data, conversation with different researchers or specialists in the region, arrange the themes, and recording help data. The narrative depictions of the public organisation's management regarding strategic management on socio-economic development were investigated, applying Brink's means of data analysis (Brink, 2003). It is evident that the majority of the respondents who took part in the study are females, as they contributed 70% of the respondents. Majority of the respondents who took part in the study were single. The majority of the respondents had 5-8 years of experience. The majority of respondents had 35 years and above. The themes emerged from the analysis of the data include comprehension of strategic plans; implementation of strategic plans; the socio-economic development of the municipality; lines of responsibility between different structures; corporate governance and management; constraints that hinder effective governance of strategic planning and management; the impact of strategic management on the governance;

financial management of the municipality; and the performance management system of a municipality.

### Comprehension of strategic plans

As far as the comprehension of a strategic arrangement of municipalities, the greater part of respondents appears to know and comprehend what a strategic arrangement of a municipality is. Respondents demonstrated that a strategic plan in the nearby government in the metropolitan area is a drawn-out archive that mirrors the vision and mission statements into procedures for the conveyance of administrations a community would regularly get from a municipality.

One of the respondents had this to say: *“It is a road map that drives the mission and vision of the institution.”*

Another respondent demonstrated that strategic planning is a cycle of deciding a foundation's drawn-out objectives and the Identity of the best methodology identifying with how the goals will be figured out. Strategic planning is a meeting wherein the municipality thinks of activities for administration delivery as indicated by the recognized requirements from the community.

All respondents (100%) indicated that there are plans for the municipalities. The response is positive since the local government in South Africa is administered by different areas of enactment. The Municipal Finance Management Act (MFMA), as one of these areas of enactment, looks to modernize spending plan and monetary management rehearses in municipalities to boost the limit of municipalities to deliver administration to every one of their occupants, clients and clients. In the present profoundly serious business and authoritative climate, spending plan situated planning or gauge planning techniques is deficient for a huge firm or association to succeed.

### Implementation of strategic plans

Different respondents indicated that plans of municipalities are appropriately actualised despite

the fact that there are difficulties, for example, non-arrangement and joining of improvement plans, absence of political eagerness and the irregularity of the execution plan. One of the respondents was quoted verbatim, *“It is almost properly implemented as most services are delivered. The constraints are shortage of budget; time frames not being met, strategic plans not taken up properly in implementation plans and corrective actions not always taken to improve performance.”*

Planning to create and keep up great connections and provision of good and predictable quality help, executing and checking are imperative to strategic planning. Another respondent mentioned that, *“Our strategic plan is the Integrated Development Planning (IDP) which is a principle document of the municipality. Yes, it is through the SDBIP document which constitutes targets for the whole financial year.”*

Most respondents concur that the city plans are appropriately actualised if the city plans are set up. It offers desire to a viable, proficient and monetary delivery of administrations. Strategic planning and execution overall clarify the cycles, distinguish major job parts all the while and supplement other city measures like Integrated Development Planning (IDP), planning and detailing structures.

The greater part of the respondents demonstrated that the strategic arrangement is appropriately actualised, however in giving reasons why they are showing that the strategic arrangement is appropriately executed, they call attention to that the strategic arrangement is appropriately executed; most administrations are delivered yet there are requirements, for example, the lack of spending plan and time periods not being met. They likewise demonstrate that the strategic arrangement is not taken up appropriately in usage plans and remedial moves are not generally made to improve execution.

### The socio-economic development of the municipality

All respondents demonstrate that there are Local Economic Development (LED) procedures set up in municipalities. It implies LED offers local

government, the private and not-revenue driven areas, and local networks the chance to cooperate to improve the local economy. It centres on improving seriousness, expanding reasonable development and guaranteeing that development is comprehensive. Driven incorporates a scope of controls, including actual planning, financial aspects and advertising. It additionally consolidates numerous local government and private area capacities, including ecological planning, business advancement, foundation provision, land improvement and money. It is evident that the existence of a municipality should be development-oriented. Being development oriented is necessary because municipalities are the basic units of the local government sphere and should propel the agenda of ensuring the general wellbeing of its inhabitants.

In terms of the capacity of municipalities, one of the respondents was quoted verbatim, *“The municipality is taking LED issues very seriously; the LED unit is established in the municipality and has most of its positions filled to drive the LED issues accordingly. There are LED forums/structures already put in place for consultation purposes to assist in addressing the socio-economic development issues in the communities.”*

Without the fundamental limit, municipalities will not have the option to perform and satisfy their obligations and duties. City limit building must, in this way, be a central component of a more extensive exhibition management procedure. Limit building is a cycle of building up the capacity for execution inside municipalities. Most of the respondents demonstrate that municipalities have the ability to improve financial advancement in networks. It is basic that staff and councillors be prepared and held all together that a significant degree of administration provision can be guaranteed. An all-around prepared staff and councillor part will guarantee successful usage and power over budgetary assignments.

### **Lines of responsibility between different structures**

The respondents had a convergent perspective that there are clear lines of responsibilities between

different structures in the municipality. They indicated that the Municipal Systems Act and the Municipal Structures Act has clear guidelines as a code of good conduct for employees and management. The institutional arrangement provides for the separation of administration and political responsibilities. The municipalities have well-established councils. Local government was regarded as a creature of statute, which derived its powers from national and provincial government.

### **Corporate governance and management**

Most of the respondents show that exercises of administration structures were all around composed, administrations were very much delivered and it gives expect a powerful, proficient and financial assistance delivery. Corporate administration incorporates political and administrative responsibility. As far as political responsibility, the actual idea is a significant prerequisite for popularity based monetary management. The councillors and civic chairmen as chosen delegates are exclusively, all in all, and straightforwardly responsible to the general population and can, in fact, be considered answerable for the assortment, shielding and viable and productive expenditure of every single public fund. At the point when members were met about administration delivering its administrations, an official reacted: *“The council oversight committee meets frequently to do the oversight work, and activities are running smoothly even though the budget is too little to cover the needs of the community.”*

Most officials (83%) shared a similar perspective that administration guarantees great help delivery to networks. They express that consistency to obligatory enactment is guaranteed, the soul of participation ought to be upgraded, and political and managerial responsibility and straightforwardness ought to be improved. Administrative responsibility is an articulation for assumptions for reasonableness, responsiveness and genuineness by the public area officials. These assumptions allude to the systems by which leaders and officials are considered liable for their exhibition by the individuals who are influenced by their choices.



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### **The impact of strategic management on the governance socio-economic development**

In terms of the impact of strategic planning and management on the governance of socio-economic development of municipalities, one of the respondents was quoted verbatim, "On governance of municipalities, the strategic planning and management has a political, administrative, financial, developmental, communication, service delivery and organisational image impact." The perspectives of the officials, who reacted to the inquiry, unite in that strategic planning and management affect the administration of municipalities. Planning makes a stage for sharing a vision and mission of a municipality by the civil partners. Strategic planning and management quick track administration delivery, it is an impetus in the production of abundance and the advancement of the financial turn of events. The situational examination and hypothesis of progress can be utilised to manage pre-planning exercises pointed toward deciding territories where upgrades might be required.

### **Constraints that hinder effective governance of strategic planning and management**

With regard to the constraints to effective governance in municipalities, the respondent was quoted verbatim, "*The constraints to effective governance in municipalities where strategic planning and management is being implemented are budget or financial resources, lack of institutional capacity, constant changing of leadership, lack of cooperative governance,*

*constant changing of plans and lack of a retention strategy.*" Officials have a convergent perspective that there are limitations to powerful administration where strategic planning and management are executed. They have demonstrated likewise that another limitation is hierarchical societies that are more slanted towards fulfilling ridiculous assumptions. As far as the imperatives to successful administration in municipalities where strategic planning and management are being actualized, the respondents bring up the accompanying: spending plan or assets, institutional limit (gifted staff), changing of the initiative, changing of plans or procedures, absence of maintenance techniques which is institutional memory, absence of intergovernmental relations, and clueless or not welleducated networks.

### **The reasons for performance management system not effectively implemented in municipalities**

With regard to the effective implementation of performance management, an official answered: "*The performance management system is not effectively implemented in municipalities because it is just developed and not implemented.*" A portion of the officials who demonstrated that the exhibition management framework is not successfully actualized in municipalities has a convergent perspective with different officials. They additionally show that key performance indicators are not satisfactory, and representatives are delayed in remedying lackluster showing. There is no performance management for workers under the Bargaining Council.

### **Financial management of the municipality**

Most of the respondents demonstrated that accounts of the municipalities are overseen. Strategic management is the way to a decent monetary administration of a municipality. The municipality needs to build up a strategic framework dependent on the IDP. Compelling monetary management and organisation at local government level interest serviceable monetary relations. Municipalities are supposed to be

practical or efficient on the off chance that they let systems and arrangements that are set up control their monetary issues.

All respondents showed that civil laws secure the privileges of individuals from the community and different partners. There are also courts whose job or essential obligation is to secure and authorize lawful obligations or the common freedoms of the individuals, which radiate from the common agreement just as from the Constitution of the Republic of South Africa. The officials concur with the view that the strategic planning of municipalities can be improved. They likewise show that sufficient financial plans ought to be apportioned, municipalities ought to have maintenance systems, agreeable administration ought to be cultivated, and the community ought to be capacitated. They express that correspondence techniques should be improved widely, and partner portrayal ought to consistently be checked to guarantee that they are to be sure addressing the interests of the community. The Municipal Systems Act regulates the process of assigning powers and functions to local government.

### **The performance management system of a municipality**

Most respondents demonstrate that there were not satisfied with presentation management framework in municipalities and it is all around executed. In explaining further as far as the exhibition management framework, the respondents did not react, which likely shows an absence of information on the presentation management frameworks in their municipalities. Municipalities are needed to set up an exhibition management framework that is equivalent to their assets, is most appropriate to their conditions and is in accordance with the objectives, needs and destinations contained in its IDP. Execution management can be characterized as a precise way to guarantee the improvement of execution through a continuous cycle of building up strategic targets. Execution management is finished by estimating execution, adjusting needs, gathering and dissecting information, auditing and writing

about information and utilizing it to improve execution.

## **DISCUSSION**

With regard to the implementation of strategic planning and management, the results revealed that there was had a convergent perspective that plans of municipalities are properly implemented and managed. The findings of this study also indicated challenges such as non-alignment and integration of development plans with those of other spheres of government, lack of political willingness and the inconsistency of the implementation plan. The study are in line with Berry and Wechsler (2015) who studied state agencies with strategic planning and found state agencies use strategic planning. The findings of the study are in congruent with Håkonsson, Burton, Obel and Lauridsen (2012) who studied strategy implementation requires the right executive style found that failure to align with strategy leads to a significant performance loss. However, the results of this study are in contrast with a study conducted by Alharthy, Rashid, Pagliari and Khan (2017) on identification of strategy implementation influencing factors and their effects on the performance which found that there is high failure rates of strategy implementation.

In terms of the constraints that hinder effective governance of strategic management, the results of the study indicated that certain constraints to effective governance where strategic planning are implemented. The results are in agreement with a study carried out by Blahová and Knápková (2011) on effective strategic action: from formulation to implementation which found that most companies struggle with implementation. The constraints revealed by respondents are the following: inadequate budget or resources, flaws with regard to the performance management system, current programmes not available in the IT systems which municipalities are currently using, managers do not have proper adequate and convenient recording systems, non-alignment of development programmes and unskilled personnel. The study also concurs with Cater and Pucko (2010) who studied factors of effective

strategy implementation in Slovenian found that the main obstacle to strategy execution is poor leadership. The results of this study aligned to Andrews, Boyne, Law and Walker (2011) who studied strategy implementation and public service performance found that red tape lowers performance and can be mitigated by a strategic stance.

In line with the impact of strategic planning and management on the governance of municipalities, the results of the study revealed that the strategic planning and management have an impact on the governance of municipalities. Strategic planning and management have a political, administrative, financial, developmental, communication, service delivery and organisational image impact. The results are in line with a study carried out by Andrews, Beynon and Genc (2017) on strategy implementation style and public service effectiveness, efficiency and equity which found that logical-incremental and mostly rational are the best styles of strategy implementation aligned to equity, efficiency and effectiveness. The findings also align with Dauda, Akingbade and Akinlabi (2010) who studied strategic management practice and corporate performance in Nigeria and found that findings revealed that strategic management practices increase both organizational profitability and company market share.

In terms of the capacity of the municipalities to improve the socio-economic development in the communities, the results revealed that the municipalities do not have the capacity to do so due to inadequate resource, lack of skilled personnel and infrastructure development. Çalışkan (2010) studied the impact of strategic human resource management on organizational performance found causal linkage between strategic planning and organizational performance. Kalali, Anvari and Dastjerdi (2011) studied why strategic plans implementation fails in Iran and the results showed that the most important reason for strategic decisions failure is content dimension. A study conducted by Miller and Cardinal (2016) on strategic planning and firm performance and results revealed that strategic planning positively impacts firm performance. The results of this study conform to Muogbo (2013) who studied the

impact of strategic management on organisational growth and development and found that strategic management improve employee performance and significantly increased organisational productivity of manufacturing firms.

## CONCLUSION

The primary objective of this study was to investigate the significance of strategic management in ensuring socio-economic development. The findings of the study indicated that strategic management play a critical role in promoting socio-economic development. Hence, the key objective of the study was accomplished. The study revealed that inadequate budget or resources, flaws with regard to the performance management system, current programmes not available in the IT systems which municipalities are currently using, managers do not have proper adequate and convenient recording systems, non-alignment of development programmes and unskilled personnel was the major challenges associated with the execution of strategic plans. In terms of theoretical implications, this study adds insights to existing knowledge on strategic management of municipal institutions in South Africa. It provides insight on how to effectively develop, implement and regulate strategic plans in public service. In relation to practical implications, the management must ensure adequate finance and infrastructure are made available in order to execute the set strategic plan. Management should source better employees with specialised abilities to improve the delivery of specific community issues. The management should have a top to bottom information and sagacious comprehension of existing contending interests and the elements of monetary management powers at play. In addition, managers should ensure strategic plans are benchmarked with other metropolitan plans, and public circles of government. The study was limited to qualitative inquiry. For future studies, mixed methods approach should be explored to get comprehensive results.

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